



**Royal Trust
1975 Annual Report**

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Le secrétaire, au siège social,
vous fera volontiers parvenir un
exemplaire du rapport annuel
en français, sur demande.



76th Annual Report

76th Annual General Meeting
Montreal
Friday
27th February, 1976
11.00 a.m.
Le Château Champlain

of
The Royal Trust Company
for the year ended
31st December, 1975
(Consolidated Operations)

Financial Highlights

	1975	1974
	(Dollars in thousands, except per share amount)	
Gross income	\$ 411,929	\$ 368,410
Net operating profit	\$ 18,945	\$ 13,937
Net operating profit per share	\$ 1.83	\$ 1.35
Net profit	\$ 17,705	\$ 13,440
Net profit per share	\$ 1.71	\$ 1.30
Assets	\$ 3,435,709	\$ 3,120,042
Estimated market value of Estates, Trusts and Agency Accounts under administration	\$11,719,000	\$10,477,000
Total assets under administration	\$15,154,709	\$13,597,042

Our cover



Royal Trust, an international company, is involved in assisting individuals and businesses across Canada, in the U.S.A. and abroad as illustrated in the photographs in this report.

Fishing fleet in harbour, Victoria, B.C.: On board Pacific trawler "Ocean Conquest", skipper Gerald B. Butterfield, a client of Royal Trust, talks to Trust Development Officer Brian McMahon, of our Victoria office, about salmon fishing around Vancouver Island.



Discussing the 1975 results in the boardroom at Head Office, left to right, Executive Vice-President Finance, Richard T. La Prairie, Conrad F. Harrington, Chairman of the Board and Chairman of the Executive Committee; Kenneth A. White, President and Chief Executive Officer and Keith C. Pilley, Executive Vice-President, Operations.

Our 76th year of operations was one of continued progress for the Company. Although it was a difficult year in many respects, with all the problems of rampant inflation and an unsettled economy, the Company opened 12 new offices in Canada, introduced new services and continued to grow in most areas of its operations. You, as our shareholders, will be most pleased to learn it produced a gratifying profit.

Financial results for 1975 represent an encouraging recovery from the decline in profit reported last year, the first in 15 years. Both before and after losses on investments, our profits are a new record for the company and represent a return to our traditional earnings growth pattern. The major factors contributing to this improvement were: the general growth of business in most sectors of our operations in and out of Canada; return of interest spreads in our money operations to more normal levels, and maintenance of cost control measures introduced early in 1974.

This year we have incorporated a Financial Review in a separate section in our printed remarks. It contains additional information concerning our financial results for 1975.

New Client Services introduced in 1975 included a popular, no service charge, Registered Home Ownership Savings Plan; a Group Registered Retirement Savings Plan (for companies to assist employees as a group in making contributions to their retirement savings plans) and computerized personal income tax returns to provide a faster, more comprehensive and efficient service to clients. An additional investment fund was introduced through the activation of Arteco – a mortgage investment company as provided for under the Income Tax Act. Royal Trust supplies Arteco with mortgages and in addition arranges its financing.

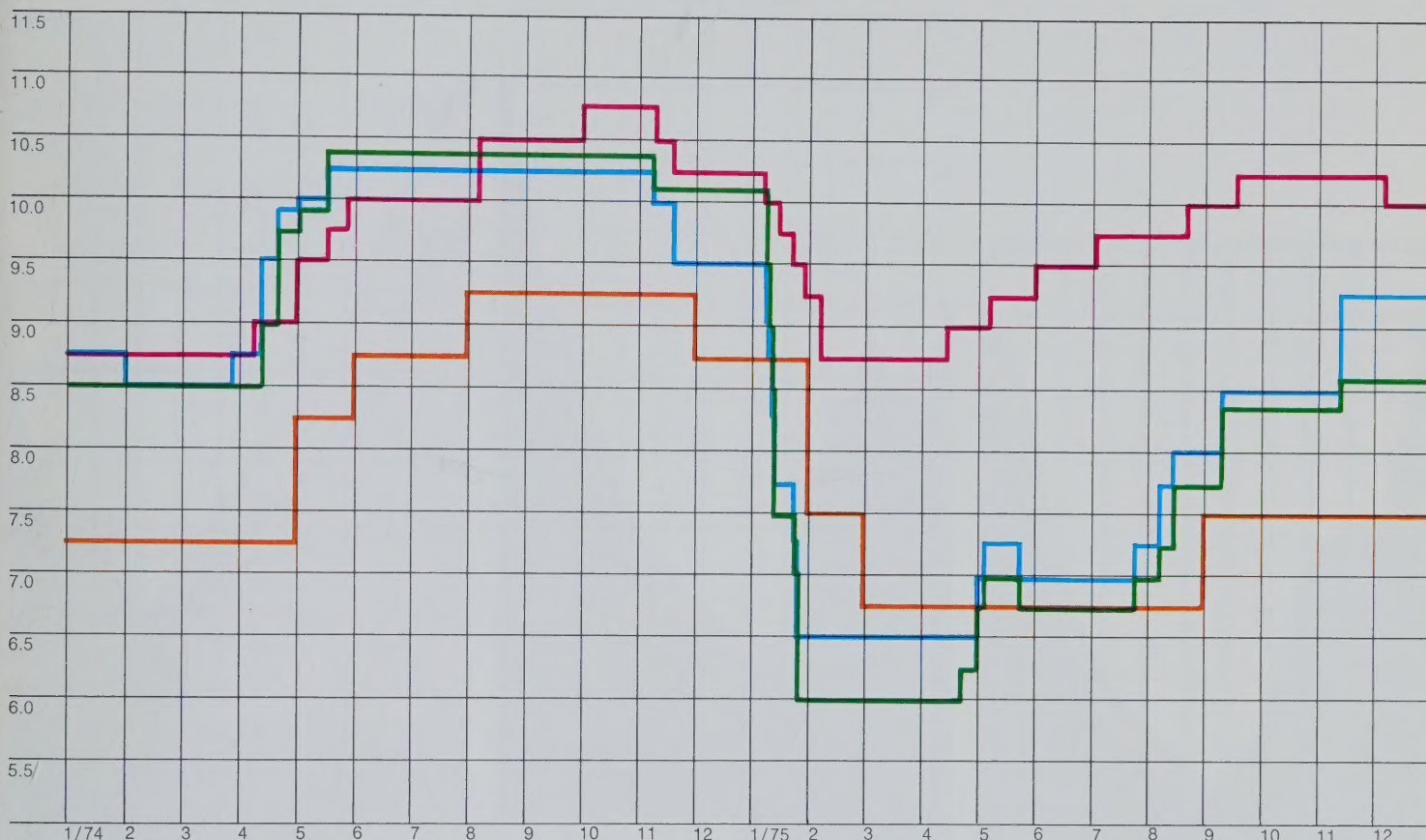
In 1975 we continued to increase our equity participation in Computel Systems Ltd. and now hold 94%. Royal Trust's own use of Computel's facilities accounts for approximately 19% of its capacity, mainly night or weekend work. With its network of terminals covering major cities from Halifax to Victoria, Computel supplies computer services to a wide range of other companies and institutions across Canada.

Mortgages held by the company and on behalf of its clients now total \$3.6 billion. Despite high interest rates and difficult real estate market conditions, our total mortgage loan disbursements in 1975 amounted to \$628 million, of which 92% was directed toward some form of residential accommodation in keeping with Company policy and our continuing effort to service both the housing needs of Canadians and the building industry.

Recently regulatory authorities in Canada have indicated a strong desire to re-structure the fundamentals of mortgage lending in the country, an objective of serious concern to the whole lending industry and particularly to Royal Trust as one of the largest mortgage lenders in Canada. There has been an inference that the private sector had in some way restricted the flow of funds into mortgages, particularly with respect to new housing, and that accordingly the Government of Canada should take forceful steps to release funds from the grip of these financial intermediaries.

It should be stated clearly – and hopefully it is understood by appropriate government officers at all levels – the ability of trust and mortgage loan companies to increase their supply of mortgage funds depends directly and entirely on their ability to obtain money for mortgages from demand as well as longer term deposits and borrowings. Whether or not such funds are obtainable from the public relates to our ability as trust and loan companies to offer interest rates competitive with those available from any other financial institution.

It is interesting to note from statistics supplied by the Bank of Canada that approximately 75%



**Rates of interest paid on
Deposits in Guaranteed
Accounts 1974-1975**
(Per cent)

30 days
90 days
5 years
Savings

of the total assets of the trust and mortgage loan industry consists of investments in mortgages. The dollar value of these mortgages is equivalent to 90% of what may be considered as a relatively stable source of funds (non-chequable savings deposits, longer term deposits, debentures plus shareholders' equity) held by trust and loan companies. Trust and mortgage loan companies are recognized as the largest and most consistent suppliers of mortgage funds in Canada and have been for over 100 years. In our opinion the regulatory authorities should be extremely cautious before tampering with such a well established and orderly mortgage lending process.

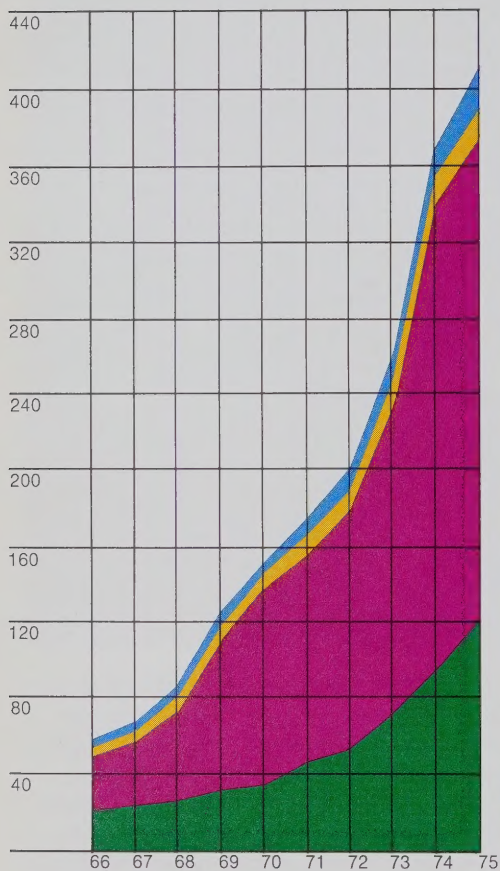
Internationally, in Florida, we have undertaken an expansion programme which is still in its early stages. An agreement with shareholders of Dale Mabry State Bank in Tampa, with assets of \$7 million, has been completed and filed with regulatory authorities for approval. Hopefully, the bank will join the Royal Trust Group within a few months. An additional acquisition should develop from completion of a definitive agreement with shareholders of First Bank of Gulfport, with assets of \$25 million, located in a suburb of St. Petersburg. An application has also been

filed to establish another Royal Trust bank in the Greater Miami area. You may be interested to learn that our existing bank in that city changed its name from Inter National Bank of Miami to Royal Trust Bank of Miami, effective 1st January, 1976. A separate subsidiary holding company, Royal Trust Bank Corp., is being organized to hold all of Royal Trust's current and future interests in Florida. Also in Florida, a 70% owned subsidiary of Computel Systems began operations early in 1975. This subsidiary provides on-line banking and other financial computing services to our bank as well as other institutions.

Two international ventures did not meet our expectations. In 1971, we participated in the establishment of a trust company in the New Hebrides, in the south west Pacific. The objective of this company, South Seas International Trust Company, was to administer "off-shore" trusts from a variety of countries around the world. The business obtained was not sufficient to provide for a profitable operation and accordingly all sponsors decided its operations should be terminated. The costs involved were of little significance to our operations.

In 1972, we purchased a 10% interest in Bankinvest, a Zurich based banking corporation controlled by a consortium of foreign institutions. Subsequent new Swiss banking regulations

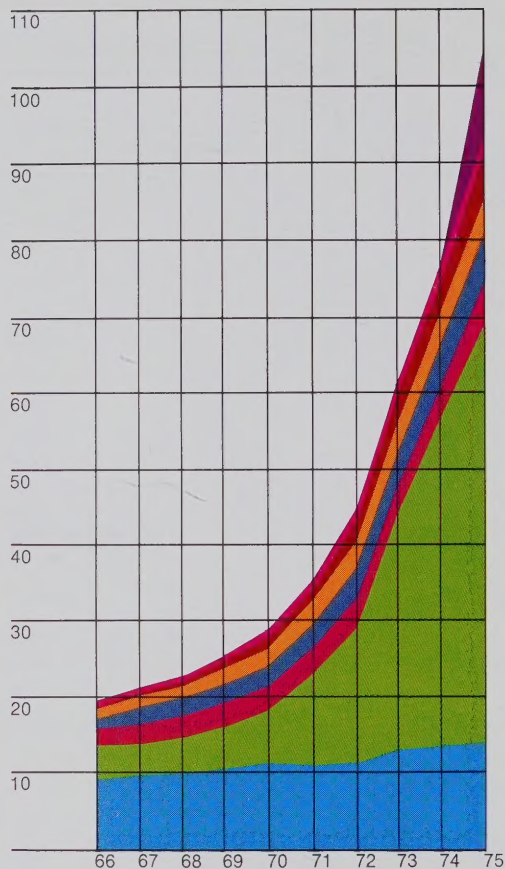
(cont. page 6)



Operating Income and Expenses (Millions of Dollars)

For 1975, for each dollar of income received, 62 cents was paid to depositors and note-holders, 20 cents as compensation and benefits to staff and real estate sales persons, 10 cents for rent and other operating expenses, 4 cents for income taxes, 2 cents to shareholders and 2 cents was retained by the Company.

- Salaries and other Expenses
- Interest Paid
- Income Taxes and Minority Interest
- Net Operating Profit

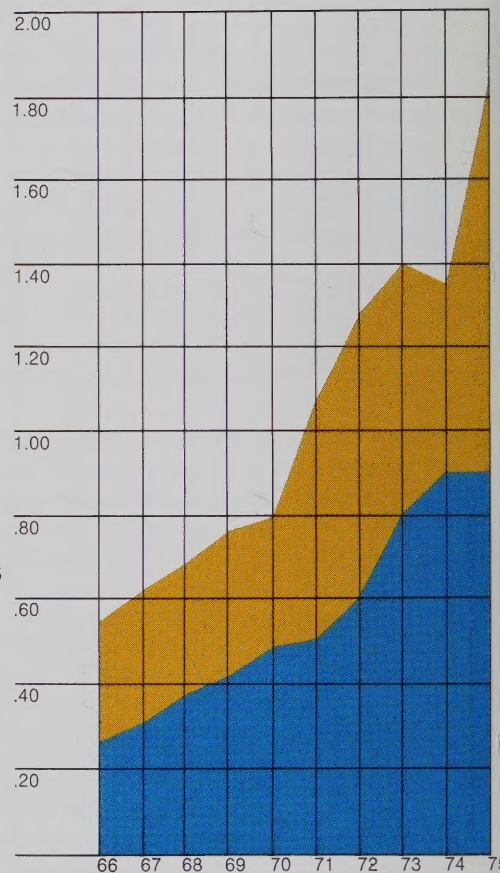


Fees and Commissions

(Millions of Dollars)

As illustrated by the above chart, there has been some marked changes in the contribution of various services to the total of our fees and commissions income.

- Estate, Trusts and Agencies
- Real Estate Sales and Property Management
- Stock Transfer Agencies and Bond Trusteeships
- Pension Trust and Institutional Accounts
- Mortgage Administration
- Managed Funds (A, B, C and M)
- Miscellaneous
- Computer Services



Net Operating Profit and Dividends per Share

Net operating profit per share has increased on a compound basis at the rate of 15% annually.

- Dividends per Share
- Net Operating Profit per Share

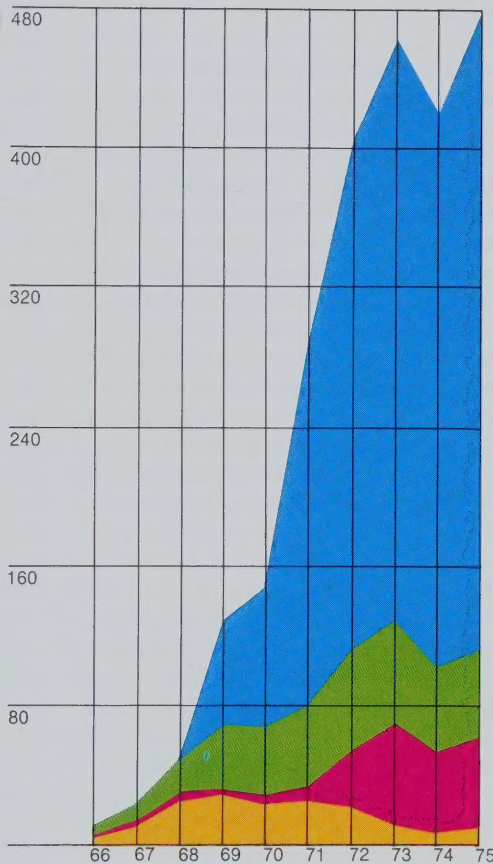


Assets

(Millions of Dollars)

Growth of assets has been at an annual rate of 20% compounded. In addition to balance sheet assets of \$3.4 billion, in its fiduciary capacity the Company administers some \$11.7 billion of assets for Estates, Trusts and Agency accounts.

- Securities
- Mortgages
- Loans
- Cash, Bank Deposits, etc.
- Other Assets
- Equipment Leases

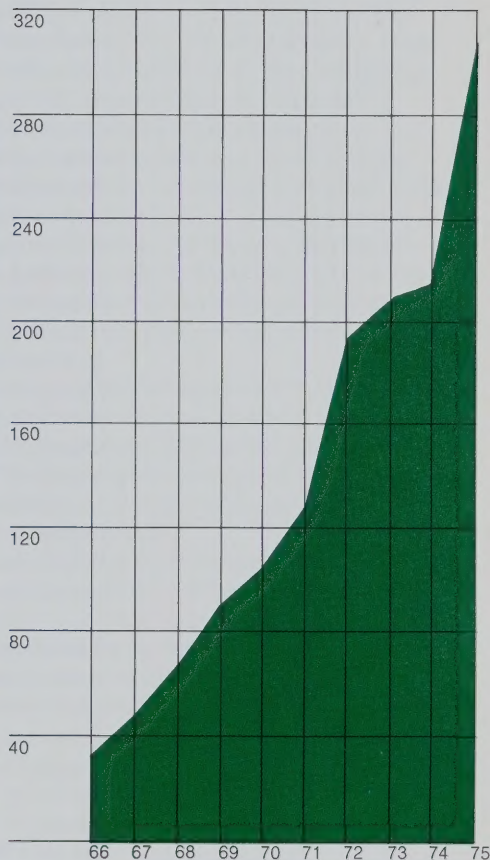


Managed Investment Funds

(Market Value) (Millions of Dollars)

Royal Trust offers to the public participation in four investment funds: A – for American securities; B – for bonds; C – for Canadian securities and M – for mortgages. Currently there are 72,795 participants in these funds, many of whom are on a monthly subscription plan.

- A Fund
- B Fund
- C Fund
- M Fund



Savings and Checking Accounts

(Millions of Dollars)

The Company maintains 168,857 accounts from 58 different locations for depositors in Canada in addition to 30,575 depositors using the facilities of Royal Trust Bank of Miami, N.A.

imposed severe restrictions on the operations of banks controlled by foreign shareholders, making the prospects of Bankinvest much less attractive. The shareholders have now sold their interests and Royal Trust has recovered its investment. Our representation in Europe will continue to be based mainly with our subsidiaries in Britain, the Channel Islands, Ireland and on the continent, in Liechtenstein. A small non-bank financial subsidiary, The Royal Trust Company, A.G. remains in Zurich.

Our Borrowing Capacity was enhanced recently through new legislation covering the deposit taking and borrowing limitations of trust and mortgage loan companies. There were three amendments in the legislation which could be advantageous to Royal Trust, namely, — increase in deposit taking and borrowing capacity up to a multiple of 25 times equity and reserves (previously 20 times), issuance of subordinated debentures as a component of equity, and a special provision allowing for additional borrowing capacity for companies with liquid assets in excess of legal requirements. As a result of these amendments, we estimate that the present capital of our company will be sufficient for at least 3 years of normal growth in our money operations.

Revisions to the Bank Act are a matter of public interest and of great concern to us as well as other members of the trust industry. While the legislation applies directly to the Canadian chartered banks only, any serious expansion of the banks' powers under the Act would have an impact on all Canadian financial institutions. We are making every effort to protect our company, its clients and shareholders from amendments which would adversely affect their interests.

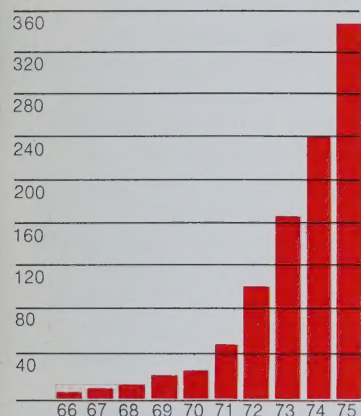
Spokesmen for the banks appear to be seeking regulations which would oblige all Canadian deposit-taking institutions to hold reserves with the Bank of Canada, contending that such a move would give the central bank tighter control over the Canadian monetary system. We believe this argument has no merit. It fails to recognize the separate and very different contributions that trust companies make and banks make to the Canadian economy. Trust and mortgage loan companies have statutory liquidity requirements under the respective federal and provincial acts governing their activities. In addition, they are subject to more restrictive investment limitations than the chartered banks. Our stand is that there is no justification for acceptance of the Canadian Bankers' Association's recommendation for reserve requirements, which if adopted, would give a further significant competitive edge to the

chartered banks, adding to their already exceedingly powerful influence in the Canadian financial environment.

In its brief to the Minister of Finance, the Canadian Bankers' Association also stated that while it does not seek full trust powers for the chartered banks, it recommends they be allowed to conduct some specific trust activities. These include the custody of funds under tax-shelter trustee savings plans as provided in the Income Tax Act — Registered Retirement Savings Plans and Registered Home Ownership Savings Plans. While the Income Tax Act designates these plans as trust instruments, they have not been handled as such. The chartered banks are offering both of these services directly and relegating to trustees a nominal role only, thus by-passing the intent of a trustee function. Another trust service specifically requested by the Bankers is custody of securities for foreign insurance companies doing business in Canada. The Foreign Insurance Companies Act requires that these securities be held by a trust company accountable to the Superintendent of Insurance in Ottawa. We believe that these requests to enable chartered banks to enter fields now specifically reserved to trust companies, if accepted, could provide the banks with a lever by which to acquire additional fiduciary powers from time to time, resulting ultimately in full trust powers and the virtual dismantling of the present Canadian system of financial intermediaries.

Our contention is that the present distinctive regulatory supervision for trust companies and prohibition against chartered banks providing fiduciary functions have provided a sound competitive environment among financial intermediaries which has been advantageous to Canadians generally.

The Anti-Inflation Programme introduced by the federal government in late 1975 was meant to, and probably will affect our immediate future. Its exact impact, however, is most difficult to assess in view of the lack of precise information on the implementation of the regulations under the Act. The only conclusions possible to derive at present are there will be controls on the spread of interest rates and compensation to staff, dividends to shareholders will be frozen at the 1975 rate until October 1976, at least, and it may be difficult to obtain increases in fees for services in our fiduciary areas. Our profit growth in the past years has resulted from a combination of circumstances, the chief of which has been a substantial growth in the total size of our operations. It is assumed we will be allowed to



Registered Savings Plans
(Millions of Dollars)
Royal Trust manages five distinct Registered Retirement Savings Plans. In 1975, the Company introduced a Registered Home Ownership Plan with 22,000 initial subscribers. Total participants in these tax-sheltered savings plans now number some 105,000.

continue our traditional rate of growth in profit provided it is derived from expansion of our total business rather than from increased profit margins in specific areas.

Directors and Staff were saddened by the death on 1st February, 1975 of Robert J. Wilson, Group Vice-President, Real Estate and Mortgages, and a Director of the Company since 1968. Mr. Wilson had served Royal Trust for 40 years.

G. Blair Gordon and Arthur C. Price, Directors of the Company since 1948 and 1955, respectively, reached the retirement age for Directors and were appointed Honorary Directors. Harold P. Connor, a Director since 1963, and Henry G. Birks, a Director and an Honorary Director since 1959, have resigned. The friendship, support and counsel of these gentlemen will be greatly missed.

Percy M. Fox, a Director since 1952, and the senior member of the Board, has reached the mandatory retirement age and will not be standing for re-election. However, he has agreed to continue to serve us by accepting the post of Honorary Director.

Angus A. MacNaughton, President, Genstar Limited, and Marshall M. Williams, President, Calgary Power Ltd., were welcomed to the Board. Mr. Williams had already been associated with the Company since 1972 as a member of our Calgary Advisory Board.

A number of changes have taken place this year among the 200 or so members who sit on our Advisory Boards across Canada, and on the Boards of our international subsidiaries.

We record with regret the death of Robert McCubbin of our London, Ontario Advisory Board and Harold B. Elworthy of the Victoria Advisory Board. The following members of our advisory boards in Canada resigned; Newfoundland – The Honourable Gordon A. Winter, when appointed as Lieutenant Governor of the province; Nova Scotia – L. Robert Shaw; Quebec – Lieutenant Colonel Hervé Baribeau; Sherbrooke – Victor W. Newton; Sarnia – Dr. Calvert M. Carruthers; Saskatoon – Donald L. Evans; Calgary – Ralph A. Thrall; Vancouver – Allan M. McGavin. We are most grateful to these gentlemen for their assistance and counsel over the years.

The following appointments were made; New Brunswick – Harold C. Gunter; Sherbrooke – David M. Stearns and Mortimer M. Vineberg; London – John F. Quinney; Thunder Bay – William J. R. Paton; Saskatoon – Warren C. Champ.

In our International Operations, Sir Robert Le Masurier joined our Jersey, Channel Islands Board and in Florida, Raul P. Masvidal joined the board of Royal Trust Bank of Miami upon his appointment as President and Chief Operating

Officer. We take this opportunity to congratulate Sir Francis Sandilands, Chairman of Commercial Union Assurance and also Chairman of our London Company, on his recent knighthood.

Within the company, the following appointments were made; Executive Vice-Presidents, Richard T. La Prairie and Keith C. Pilley; Group Vice-Presidents – G. Roger Otley and Alan Purdy; Senior Vice-Presidents – Charles C. de Léry and Ewart A. Wickens; Vice-Presidents – André Forest, Robert T. Horwood, C. Terrill Manning, George Mitchell and Robert S. Traquair.

It is difficult to assess the prospects for business in Canada generally for 1976 as the uncertainties of the Anti-Inflation Programme have added a new dimension to the problems confronting us. However, challenging conditions within Canada and worldwide have been present for several years and we have thus far been able to grapple with them with a good measure of success.

The Company's achievements during 1975 were made possible through the conscientious efforts of the some 5,200 members of Royal Trust staff. To every member, on behalf of the Board of Directors and shareholders, we extend our sincere appreciation.

The Company's performance in 1976 will require a continuation of the established skills, dedication and hard work of its staff. We are confident that the Company's affairs will be handled to your satisfaction whatever the economic environment.

C. F. Harrington

Conrad F. Harrington
Chairman of the Board

Kenneth A. White

Kenneth A. White
President and Chief Executive Officer

Montreal, Canada, 27th January, 1976

As a consequence of Royal Trust obtaining majority control of Computel Systems Ltd. in late 1974, the operations of Computel are included in the Company's 1975 financial statements on a fully consolidated basis. For 1974 Computel's operating results were included on the equity basis of accounting under which the Company's pro-rata share of Computel's operating loss (net of income and expenses) was included in computer and office equipment expense in the Statement of Consolidated Profit and Loss. For 1975, however, under the fully consolidated basis, fees earned by Computel have been included under Income, and the individual categories of Computel's operating expenses have been included with the same categories for Royal Trust's consolidated operations. While the change from an equity to a consolidated basis of accounting does not affect the profits reported for the years concerned, it does increase the individual categories of income and expenses for 1975 and therefore in many instances an item by item comparison of individual items of income and expenses will not be comparable.

The Company's consolidated net operating profit of \$18,945,000 for 1975 is an increase of 36% over that of 1974. Net profit of \$17,705,000 after investment losses represents an increase of 32%. In comparing 1975 results with 1974, it will be recalled that in 1974 we experienced the first decline in profit in 15 years. A more realistic comparison would be with 1973. Using 1973 as a base, the annualized percentage increases over the past two years are 16% before investment losses and 12% after, increases which are in line with the past long term growth pattern of the company.

Income of \$412 million for 1975 established a new record. Excluding computer service fees, fees and commissions increased by almost \$15 million, or 19%. Major increases were: commissions on real estate sales – 29%; fees for preparation of income tax returns – 23%; bond trusteeships – 36%; mortgage administration on behalf of clients – 23%, and management of investment funds – 20%. Smaller percentage growths, were recorded in fees for management of pension funds and as custodian of securities. No growth was recorded in the areas of estates and trusts and investment management where fee scales are generally recognized as being inadequate for the services provided. The decline of \$649,000 in "Miscellaneous" results chiefly

from a decrease in commissions earned on the annual sale of Canada Savings Bonds. You may recall that the 1975 issue of these bonds by the Canadian government was substantially less than the record issue of 1974.

Computer service fees is a new item for 1975 and represents revenues earned by Computel for services supplied to other companies and various institutions. This income represents a growth of 46% over last year.

In the Company's money operations, net revenue (investment income less interest paid) increased by \$9.4 million, or 22%, an increase attributable to a combination of expanded operations and improved interest spreads.

In Guaranteed Account, the major component of our money operations, there was a lengthening in the term of our deposits. In addition, we experienced record growth in our branch savings operations, the funds from which are available generally at lower competitive rates than apply to deposits with fixed terms. Both long term deposits and savings are the main source of funds for mortgage investments, which usually are higher yielding than those with shorter maturities. The combination of the above factors contributed to an improvement in net revenue in Guaranteed Account.

Elsewhere in the Company's money operations, renewal of maturing mortgages at prevailing interest rates resulted in an improvement in revenue to the operations of our mortgage subsidiary, The Royal Trust Company Mortgage Corporation. Depressed conditions in the commercial construction field caused a decline in the interim financing activities of Builders Financial Co. Limited, resulting in a decrease in net revenues from that source of about 10%. Although our U.S. subsidiary, Royal Trust Bank of Miami, increased its total deposits by \$17 million, or 26%, pressure on U.S. interest spreads resulted in a net revenue gain of only 12%. Our overseas money operations had no significant growth during 1975. However, along with other U.K. based financial institutions, we experienced a recovery to normal interest spreads in 1975, promising a better picture in the year ahead.

Operating expenses, excluding those of Computel's increased by 11%. (Operating expenses exclude interest and real estate sales commissions paid, growth of both being directly related to volume of income.) This rate of increase, down from 24% last year, compares favourably with the higher percentage growth in net revenue and reflects continuance of extensive cost control measures throughout the system. It is also significant this "holding the line" with expenses was achieved without inhibiting our planned expansion programmes.

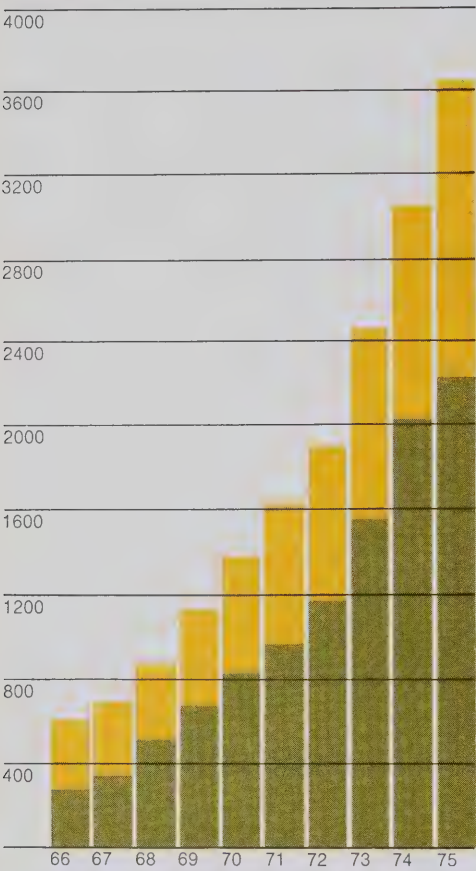
With respect to Computel, their operating loss in 1975 was \$1.1 million, representing a reduction of about \$400,000 from that incurred in 1974 and this trend towards a break-even position, and, hopefully, thereafter profits, is encouraging.

Net losses on investments of \$2.1 million include actual losses of \$600,000. In addition, after an item by item review of all loans, securities and mortgages, an additional \$1.5 million was provided to cover anticipated losses.

The slight decline from 45.5% to 45% in the effective tax rate on operating profit resulted from a net of two factors – the annual reduction of 1% in the basic Canadian tax rate, plus a higher portion of total income from our London subsidiary, where the effective tax rate is approximately 55%.

The Balance Sheet records an increase in total assets of \$315 million, of which \$220 million is applicable to investments in mortgages. A new category of assets, "Receivables under equipment leases", has been included, reflecting the Company's recent activities in this field. On the liability side of the balance sheet, most of the increase in Deposits and Borrowings reflects an expansion in the Guaranteed Account of the parent company, up \$283 million, or 11%.

Mortgages under Administration



Ten Year Growth
(Millions of Dollars)
Own and Guaranteed Account
Pension and Other Trust Clients

In 1975, the Company disbursements for mortgages amounted to \$628 million of which 92% was directed to residential accommodations. Included in the \$3.6 billion of mortgages under administration are some 100,384 individual properties.



Geographical Distribution
Ontario 42.3%
Prairie Provinces 18.3%
Québec 16.0%
British Columbia 14.2%
Maritimes 8.1%
Elsewhere 1.1%



Type of Collateral
House Loans 55.3%
Other Residential 23.2%
Commercial 17.3%
Industrial 3.8%
Others 0.4%

Maturities of Investments

	(Dollars in thousands)						
	Cash, Bank Deposit Receipts and Treasury Bills	Secured Loans, and Advances to Clients	Securities	Receivables under Equipment Leases	Mortgages	Total	
31st December, 1975							
Due within 1 year	\$538,669	\$128,538	\$176,482	\$ 3,990	\$ 259,888	\$1,107,567	32.8%
1 to 5 years	16,625	14,321	123,583	16,567	1,865,965	2,037,061	60.3
6 to 10 years		959	6,180	24,010	91,688	122,837	3.6
11 to 15 years			4,871	34,590	6,377	45,838	1.4
16 to 20 years			1,412	656	1,835	3,903	0.1
Beyond 20 years			862	1,007	13,364	15,233	0.4
Preferred and Common Shares			46,830			46,830	1.4
	\$555,294	\$143,818	\$360,220	\$80,820	\$2,239,117	\$3,379,269	100.0%
31st December, 1974							
Due within 1 year	\$422,767	\$142,537	\$281,612	\$ 1,134	\$ 276,512	\$1,124,562	36.7%
1 to 5 years	3,951	11,771	103,785	4,518	1,598,261	1,722,286	56.2
6 to 10 years		3,071	6,584	2,301	119,475	131,431	4.3
11 to 15 years	496		5,211	3,358	7,888	16,953	0.5
16 to 20 years			3,278	837	3,340	7,455	0.2
Beyond 20 years			1,007	1,006	13,759	15,772	0.5
Preferred and Common Shares			47,616			47,616	1.6
	\$427,214	\$157,379	\$449,093	\$13,154	\$2,019,235	\$3,066,075	100.0%

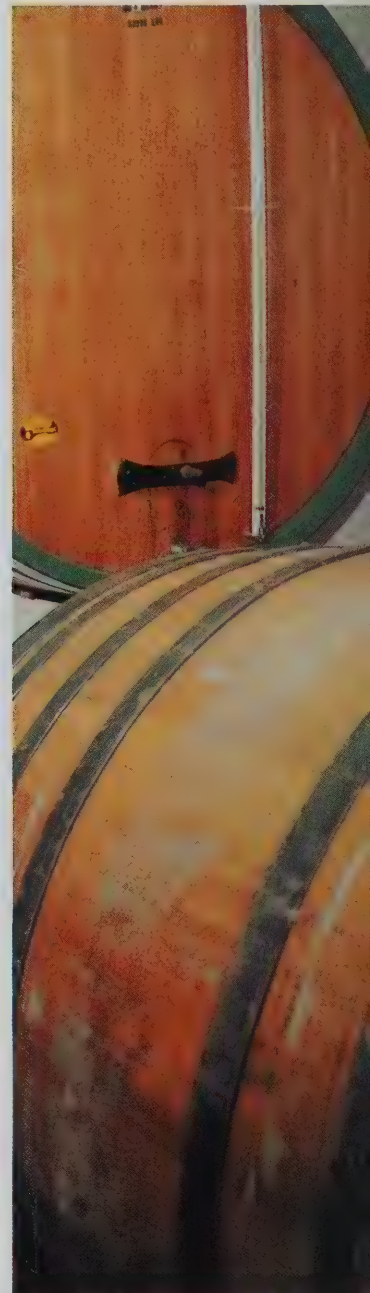
Securities

	(Dollars in thousands)			
	1975		1974	
	Cost	Market	Cost	Market
Bonds of, or guaranteed by governments of Canada, U.S.A. and U.K.	\$ 61,916	\$ 61,988	\$ 80,059	\$ 81,389
Bonds of, or guaranteed by other governments	84,900	83,863	96,276	95,232
Obligations of corporations	171,546	172,954	229,798	231,110
Preferred shares	19,763	17,498	19,331	17,329
Common shares	22,095	21,211	23,629	20,110
	\$360,220	\$357,514	\$449,093	\$445,170

Maturities of Deposits and Borrowings

	(Dollars in thousands)					
	Investment Re- ceipts and Certificates of Deposit	Savings and Chequing Accounts	Short Term Notes	Debentures	Total	
31st December, 1975						
On demand and due within 1 year	\$1,081,269	\$308,694	\$105,650	\$ 13,915	\$1,509,528	46.4%
1 to 5 years	1,555,327	316	13,600	59,917	1,629,160	50.1
6 to 10 years				81,051	81,051	2.5
11 to 15 years	6			24,388	24,394	0.8
16 to 20 years	27			6,635	6,662	0.2
21 to 25 years	197				197	—
	\$2,636,826	\$309,010	\$119,250	\$185,906	\$3,250,992	100.0%
31st December, 1974						
On demand and due within 1 year	\$1,189,379	\$215,577	\$127,163	\$ 17,223	\$1,549,342	52.3%
1 to 5 years	1,286,366		5,740	36,062	1,328,168	44.9
6 to 10 years				63,160	63,160	2.1
11 to 15 years				13,753	13,753	0.5
16 to 20 years					—	—
21 to 25 years				6,000	6,000	0.2
	\$2,475,745	\$215,577	\$132,903	\$136,198	\$2,960,423	100.0%

Harbour, St. John's, Newfoundland: John Slauenwhite, Royal Trust's Assistant Manager, St. John's, left, chats with John Watt, an official of Job Brothers Company, a client of Royal Trust for many years.



Client Karl Podamer, right, of Podamer Champagne Co. Ltd., in his plant at Beamsville, Ont., shows a bottle of his best wine to Uel R. Van Sickle, St. Catharines Branch Manager. "It is made", he explains, "from an ancestral French process".



Calgary Advisory Board member H. C. Bert Sheppard, right, talks with Trust Development Officer Jack Cooke at his "Rio Alto (OH) Ranch" in the foothills of the Rockies. Sheppard's ranch specializes in the breeding of Hereford cattle.



Logging near Port Hardy on Vancouver Island, Contractor Andre William Borer stops for a talk with a representative of Royal Trust's Victoria office. Borer's father and family help in the logging operation and are clients of the Company.

Royal Trust's international operations are conducted from offices in London, Channel Islands, Ireland, Liechtenstein and the United States. Our Managing Director in Britain, C. F. (Ron) Ranson, left, chats with Sir Francis Sandilands, Chairman of the Board of our British subsidiary.





Discussing financial matters in the Sunshine State are: Philip Stern, left and Nancy Spillers, right, managers of a new Condominium at Coconut Grove, Florida, with Richard A. Pallot, Chairman, and Chief Executive Officer, and Mrs. Maria De Los A. Xiques, Trust Officer, of the Royal Trust Bank of Miami.



Consolidated Balance Sheet

Assets			
as at 31st December		1975	1974
Investments (including assets held in trust for Guaranteed Account – Note 3)	Cash, bank deposit receipts and treasury bills	\$ 555,294,000	\$ 427,214,000
	Secured loans, and advances to clients	143,818,000	157,379,000
	Securities – at cost (Market 1975, \$357,514,000 – 1974, \$445,170,000)	360,220,000	449,093,000
	Receivables under equipment leases, net of unearned income (Note 2)	80,820,000	13,154,000
	Mortgages	2,239,117,000	2,019,235,000
		\$3,379,269,000	\$3,066,075,000
Other Assets	Accounts receivable	\$ 8,943,000	\$ 7,042,000
	Premises, equipment and leasehold improvements at cost less accumulated depreciation and amortization (Note 1)	37,841,000	35,883,000
	Unamortized debenture and note discount and underwriting commissions	1,993,000	1,924,000
	Investment in affiliates (Note 1)	5,906,000	6,678,000
	Excess of cost of investment in Computel Systems Ltd. over acquired equity in net assets (Note 1)	1,757,000	2,440,000
		\$ 56,440,000	\$ 53,967,000
		\$3,435,709,000	\$3,120,042,000
Signed on behalf of the Board			
Conrad F. Harrington			
Kenneth A. White			
Directors			

Liabilities and Shareholders' Equity

as at 31st December

1975

1974

Deposits and Borrowings (including deposits accepted for Guaranteed Account – Trust Funds for investment – Note 3)	Investment receipts and certificates of deposit	\$2,636,826,000	\$2,475,745,000
	Savings and chequing accounts	309,010,000	215,577,000
	Short term notes	119,250,000	132,903,000
	Debentures (Note 2)	185,906,000	136,198,000
		\$3,250,992,000	\$2,960,423,000
Other Liabilities	Income taxes payable (recoverable)	\$ 13,619,000	\$ (3,949,000)
	Miscellaneous liabilities	6,982,000	7,288,000
	Mortgage maturing April 1994 (\$221,000 principal instalments due in 1976)	18,277,000	18,484,000
		\$ 38,878,000	\$ 21,823,000
Deferred Income Taxes (Note 1)		\$ 25,081,000	\$ 26,996,000
Minority Interest in Subsidiary Companies	Preferred shares	\$ 5,499,000	\$ 5,499,000
	Common shares and equity	3,352,000	2,813,000
		\$ 8,851,000	\$ 8,312,000
Shareholders' Equity	Capital stock (Notes 4 and 5)		
	Authorized – 20,000,000 A and B interconvertible shares of \$0.50 par value		
	Issued and fully paid – 10,394,903 shares consisting of 9,826,545 A shares and 568,358 B shares (10,345,642 total shares in 1974)	\$ 5,197,000	\$ 5,172,000
	Contributed surplus	54,048,000	53,031,000
	Retained earnings	52,662,000	44,285,000
		\$ 111,907,000	\$ 102,488,000
		\$3,435,709,000	\$3,120,042,000

Auditors' Report

To the Shareholders
of The Royal Trust Company

We have examined the consolidated balance sheet of The Royal Trust Company and its subsidiaries as at 31st December, 1975 and the statements of consolidated profit and loss, retained earnings and contributed surplus accounts for the year then ended and have obtained all the information and explanations we have required. Our examination of the financial statements of The Royal Trust Company and those subsidiaries of which we are the auditors, included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiaries.

Clients' accounts and guaranteed funds are kept separate from the companies' own funds and are so earmarked in the books of the companies as to show the accounts to which they belong.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the companies, these consolidated statements are properly drawn up so as to exhibit a true and correct view of the state of affairs of the companies as at 31st December, 1975 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne Riddell & Co.

Chartered Accountants

Montreal, 23rd January, 1976

**Thorne
Riddell
& Co.**

Thorne Gunn & Co.
Riddell, Stead & Co.

CHARTERED ACCOUNTANTS

Statement of Consolidated Profit and Loss (Note 1)

	for the year ended 31st December	1975	1974
Income	Fees and commissions from		
	Estates, trusts and agencies	\$ 13,979,000	\$ 13,690,000
	Real estate sales and property management	55,501,000	43,026,000
	Stock transfer agencies and bond trusteeships	4,645,000	4,237,000
	Pension trusts and institutional accounts	6,064,000	5,522,000
	Mortgage administration	5,263,000	4,275,000
	Managed investment funds	5,349,000	4,440,000
	Computer services	12,672,000	—
	Miscellaneous	1,316,000	1,965,000
		\$104,789,000	\$ 77,155,000
	Investment income from		
	Mortgages	\$204,112,000	\$173,653,000
	Securities and equipment leases	38,895,000	30,124,000
	Collateral loans	11,714,000	12,479,000
	Short term deposits	52,419,000	74,999,000
		\$307,140,000	\$291,255,000
		\$411,929,000	\$368,410,000
Expenses	Interest paid	\$254,635,000	\$248,146,000
	Salaries, pension contributions and other staff benefits	45,443,000	35,826,000
	Commissions to real estate agents and salesmen	36,714,000	27,750,000
	Premises expense (net after rental income)	8,241,000	6,665,000
	Computer and office equipment expense	10,594,000	5,611,000
	Advertising	5,622,000	5,343,000
	Other expenses	15,106,000	12,242,000
		\$376,355,000	\$341,583,000
	Profit before income taxes	\$ 35,574,000	\$ 26,827,000
	Income taxes — current	\$17,091,000	2,791,000
	— deferred	(1,068,000)	9,429,000
	Net profit before interest of minority shareholders	\$ 19,551,000	\$ 14,607,000
	Minority interest	606,000	670,000
Net Operating Profit	(per share 1975 — \$1.83, 1974 — \$1.35)*	\$ 18,945,000	\$ 13,937,000
	Other additions (deductions)		
	Net gains (losses) on investments including provision for losses	(2,147,000)	(1,211,000)
	Gain on disposal of premises	205,000	76,000
	Income tax reductions applicable to above items	702,000	638,000
Net Profit	(per share 1975 — \$1.71, 1974 — \$1.30)*	\$ 17,705,000	\$ 13,440,000

*Earnings per share are based upon weighted monthly average shares outstanding: 10,365,000 for 1975 and 10,329,000 for 1974.

Statements of Consolidated Retained Earnings and Contributed Surplus Accounts

	for the year ended 31st December	1975	1974
Retained Earnings Account	Balance 1st January	\$44,285,000	\$40,141,000
	Net profit for the year	17,705,000	13,440,000
		\$61,990,000	\$53,581,000
	Deduct: Dividends paid	9,328,000	9,296,000
	Balance 31st December	\$52,662,000	\$44,285,000
Contributed Surplus Account	Balance 1st January	\$53,031,000	\$52,524,000
	Premium on issue of shares	1,017,000	507,000
	Balance 31st December	\$54,048,000	\$53,031,000

(1) Accounting Policies

(i) Principles of Consolidation

All subsidiary companies are included in the consolidated financial statements. These companies are The Royal Trust Company of Canada (a U.K. Corporation), The Royal Trust Company of Canada (C.I.) Ltd. (located in Jersey in the Channel Islands), The Royal Trust Company (Guernsey) Limited, The Royal Trust Company (Ireland) Limited, The Royal Trust Company (International) Ltd. (located in the Bahamas), Royal Trust Bank of Miami, N.A. (formerly Inter National Bank of Miami), The Royal Trust Company Mortgage Corporation (99.99% owned), The Bankers' Trust Company, Royal Agencies Limited, Place d'Armes Realty Co. Ltd., Doreal Investments Ltd. (70% owned), Builders Financial Co. Limited (50.02% owned) and Computel Systems Ltd. (94% owned).

The Company, in 1975, continued its programme of increasing its equity interest in Computel through a combination of purchase of additional shares and convertible debentures and subsequent conversion of the debentures together with conversion of a convertible note previously held. This resulted in an increase in the Company's holding of outstanding shares of Computel from 65% to 94% during the year.

Majority control of Computel was achieved in late 1974. Assets and liabilities of Computel were consolidated as of 31st December, 1974 and the Company's share of Computel's losses was included in computer and office equipment expenses in the Statement of Consolidated Profit and Loss. Commencing 1st January, 1975, income and expenses of Computel have been consolidated under their respective categories.

The excess cost of investment in Computel over acquired equity in net assets, after providing for deferred taxes, amounting to \$1,757,000 at 31st December, 1975, is recorded in the consolidated balance sheet of the Company and is being amortized over 20 years. As described in Note (1) (viii) the Company's share of the anticipated tax benefits of Computel's losses in prior years has been included in deferred income taxes, which has resulted in a restatement of the 1974 balance.

(ii) Investment in Affiliates

Investment in affiliates includes BM-RT Ltd. (\$2,167,000) which is 50.1% owned by the Company. BM-RT Ltd. is "advisor" to the publicly held BM-RT Realty Investments, an open-end real estate trust. BM-RT Ltd. serves as the official con-

duit for funding the operations of the trust and as such its assets consist almost entirely of funds advanced to the trust from proceeds of the public issue of short term notes and debentures by BM-RT Ltd. The Company either directly or through its investment in BM-RT Ltd. is the owner of only 13.97% of the trust and the consolidation of the assets, liabilities and operations of the "advisor" with those of the Company would not be appropriate. The Company's share of earnings of BM-RT Ltd. has been included in fees from managed investment funds in the Statement of Consolidated Profit and Loss.

Investment in other affiliates aggregating \$3,739,000 is recorded at cost and income is reflected in the Statement of Consolidated Profit and Loss when realized through dividends paid by these affiliates.

(iii) Foreign Currencies

Foreign currencies have been converted into Canadian dollars at rates of exchange prevailing at 31st December.

(iv) Depreciation Policies

Premises, equipment and leasehold improvements aggregating \$37,841,000 are stated at depreciated cost. Of this amount \$23,320,000 relates to the head office premises of the Company. Depreciation of these premises on a straight line basis is calculated upon an estimated original life of 75 years of which 63 are remaining. All other depreciable assets are written off at rates equivalent to or in excess of those established by income tax authorities. Depreciation of premises and equipment and amortization of leasehold improvements charged to operations amounted to \$2,900,000 in 1975 and \$2,090,000 in 1974.

(v) Recognition of Revenues and Expenses

With the exception of fees for administration of estates, fees and commissions are recorded on an annual basis as earned. Estates administration fees are chargeable only upon completion of preliminary administration and no provision is made in the Company's accounts for fees on work in progress. Investment income and interest expense are recorded on an accrual basis. Debt discount and underwriting commissions are amortized over the term of the issues. Salaries and other operating expenses are recorded on an accrual basis.

(vi) Leasing Transactions

Equipment leasing transactions are reported in accordance with the financing method of accounting. Income is taken up over the term of the lease in decreasing amounts pro-rata to the declining balance of the investment not yet recovered.

Any gains arising from residual values of leased assets will be reflected in earnings only when realized.

(vii) Gains and Losses on Investments

Loans and mortgages are considered as delinquent when payments of principal or interest are in arrears for 60 days at which time legal collection procedures usually are commenced. Delinquencies are reviewed monthly and, if required, an appropriate provision is recorded in the Company's accounts for estimated losses.

Gains and losses on securities are recorded only upon sale of such securities except when there is default to pay either principal or interest, at which time a provision to cover estimated losses is recorded. Market value of securities is disclosed in the financial statements.

(viii) Income Taxes

In accordance with generally accepted accounting principles, the Company follows the tax allocation method of providing income taxes. Under this method income taxes in the Statement of Consolidated Profit and Loss have been calculated on the basis of reported profit rather than on earnings currently taxable.

Analysis of deferred taxes is as follows:

	1975	1974
Taxes applicable to:		
Accrued interest income	\$ —	\$13,866,000
Reserve for mortgages allowed under Section 33 of the Income Tax Act (Canada)	16,282,000	13,788,000
Losses of Computel Systems Ltd.	(3,294,000)	(1,925,000)
Equipment leases	13,717,000	2,821,000
Other items applicable to future years – net	(1,624,000)	(1,554,000)
	<u>\$25,081,000</u>	<u>\$26,996,000</u>

The Company's estimate of the tax value of its share of Computel's losses has been included in deferred income taxes and the 1974 figures have been restated to reflect the comparable amount at that date.

By an amendment of Section 12 of the Income Tax Act (Canada) effective for fiscal years commencing in 1975 accrued interest income is included in taxable income. The effect of this amendment to the Company is that the sum of

\$13,866,000 included in the 1974 figures as above will become payable by 28th February, 1976 and is now included in income taxes payable.

(2) Receivables under Equipment Leases

In previous years "Receivables under Equipment Leases" were classified as "Securities" for financial statement purposes. For 1975, due to increased materiality, these leases have been shown as a separate category of investment on the balance sheet. In addition in 1975, for the first time, the Company guaranteed the debt obligations of other parties involved in this syndication of leases. These obligations, amounting to \$45,200,000 as at 31st December, 1975, are included in both Borrowings and Investments in the Consolidated Balance Sheet.

(3) Guaranteed Account – Trust Funds for Investment

As at 31st December, deposits include \$2,909,501,000 for 1975 and \$2,626,594,000 for 1974 accepted for Guaranteed Account. Assets segregated to secure these deposits are as follows:

	1975	1974
Cash, bank deposit receipts and treasury bills	\$ 469,259,000	\$ 374,593,000
Secured loans	108,132,000	151,130,000
Securities	284,785,000	370,844,000
Equipment leases	80,820,000	13,154,000
Mortgages	1,966,505,000	1,716,873,000
	<u>\$2,909,501,000</u>	<u>\$2,626,594,000</u>

(4) Commitments and Contingencies

(i) Outstanding commitments as at 31st December, 1975 for future advances to be secured by mortgages are \$167,845,000 of which \$62,928,000 is for trust clients whose accounts are administered by the Company.

(ii) The Company has contractual obligations in respect of leases payable as follows:

	Total Sums Payable in Period
Within 5 years	\$29,788,000
6 to 10 years	17,029,000
11 to 15 years	11,590,000
16 to 20 years	3,067,000
21 to 25 years	614,000
	<u>\$62,088,000</u>

\$13,225,000 of this amount is to a partially owned subsidiary. Rents in 1975 were \$5,570,000.

(iii) The Company is Trustee and Manager of Royal Trust M Fund the purpose of which is the investment of the Fund's assets in first mortgages on properties in Canada. It is anticipated that there will be ample cash and marketable securities available to cover the withdrawal by participants in the fund from time to time. However, should the withdrawals exceed the cash and marketable securities then available, the Company has guaranteed to find a purchaser for such number of the mortgages held by the fund at a price not less than 95% of the value thereof as will realize sufficient funds to enable such withdrawals to be made.

As at 31st December, 1975, total assets of Royal Trust M Fund aggregated \$364,312,000 including \$35,640,000 in bank deposits and interest receivable and \$328,672,000 of mortgages.

(iv) The Company is in the process of acquiring two additional banks in Florida, U.S.A. on a share exchange basis. The exact number of shares to be exchanged on completion of acquisition of these banks cannot be determined precisely as of 31st December, 1975. It is estimated that the maximum number will be 340,000 shares of the Company.

(v) The Company is subject to the regulations of the Anti-Inflation Act (Canada) which became effective 14th October, 1975. This Act imposes restrictions on revenues, compensation to employees and payment of dividends to shareholders. There are many uncertainties as to the interpretation and application of the legislation and therefore its impact on the future operations of the Company cannot be determined except with respect to the payment of dividends to its shareholders. Under these regulations, annual dividends for the year to 13th October, 1976 cannot exceed the current annual payment rate of 90 cents.

(5) Capital Stock

(i) The Company's authorized capital of 20,000,000 common shares is designated as A shares and B shares for an aggregate of 20,000,000 shares. A and B shares are interchangeable and rank *pari passu* in all respects except as to dividends. Dividends paid on A shares are taxable dividends for purposes of the Income Tax Act (Canada). The directors may declare dividends on B shares payable from tax-paid undistributed surplus on hand. The amount paid per share is equivalent to that paid on A shares after deducting the 15% tax paid by the Company to create tax-paid undistributed surplus on hand as defined in the Income Tax Act (Canada). As at 31st December, 1975, the Company had on hand approximately \$17,459,000 of retained earnings which will

be available for future payment of tax-paid dividends after payment of a 15% tax by the Company.

(ii) 30,357 fully paid shares were issued during 1975 under an employees' stock option plan for a total consideration of \$568,800. Under this plan, employees are entitled to purchase specified amounts of the Company's shares annually for 5 years at 10% less than market price at the time of the granting of options. As at 31st December, 1975, 21,916 unissued shares are reserved for issue prior to 1st November, 1978 under the plan.

(iii) 18,904 fully paid shares of the Company were issued during 1975 in exchange for 94,520 shares of Computel Systems Ltd.

(6) Remuneration of Directors and Senior Officers

For the year ended 31st December, 1975 the aggregate direct remuneration paid or payable by the Company and its subsidiaries to Directors and Senior Officers was \$1,527,000 and the estimated aggregate cost for the year of all pension benefits proposed to be paid to Senior Officers in the event of retirement at normal retirement age was \$124,000.

Ten-Year Review

Year-End Position

(Dollars in thousands)

1966 1967

Assets	Cash, bank deposit receipts and treasury bills	\$ 50,880	\$ 94,916
	Loans	56,261	58,445
	Securities	259,977	247,530
	Receivables under equipment leases		
	Mortgages	288,354	346,146
	Premises, equipment and leasehold improvements	38,019	37,150
	Other assets	5,120	5,401
		\$ 698,611	\$ 789,588
Deposits and Borrowings	Investment receipts and certificates of deposit	\$ 505,959	\$ 560,090
	Savings and chequing accounts	33,171	49,855
	Short term notes and debentures	84,089	98,467
		\$ 623,219	\$ 708,412
Other Liabilities, Deferred Income Taxes and Minority Interest	Other liabilities	\$ 33,084	\$ 36,138
	Deferred income taxes	2,015	2,881
	Minority interest	5,000	5,000
		\$ 40,099	\$ 44,019
Shareholders' Equity		\$ 35,293	\$ 37,157
Total Assets Under Administration (in billions)	Estimated market value	\$ 7.6	\$ 8.3

Results for Year

(Dollars in thousands)

1966 1967

Income	Fees and commissions	\$ 19,397	\$ 20,792
	Income from mortgages	18,788	22,589
	Income from other investments	18,876	24,406
		\$ 57,061	\$ 67,787
Expenses	Interest paid	\$ 28,465	\$ 35,822
	Salaries, commissions and staff benefits	14,100	15,310
	Net premises expense	2,375	2,934
	Other expenses	5,076	5,350
		\$ 50,016	\$ 59,416
Profit before Income Taxes		\$ 7,045	\$ 8,371
Less:	Interest of minority shareholders in net profit of subsidiary companies	\$ 250	\$ 250
	Income taxes	3,286	4,221
		\$ 3,536	\$ 4,471
Net Operating Profit		\$ 3,509	\$ 3,900
	Net gains (losses) on investments and extraordinary items after taxes	\$ 417	\$ 263
Net Profit		\$ 3,926	\$ 4,163

Shareholders' Statistics

+ Adjusted for two for one split in 1973.

* Prior to 1967 shares of the company were not listed. Price was established annually at the shareholders' meeting.

Where applicable to residents of Canada, for purposes of calculating taxes on Capital gains, a "V-Day" valuation price of \$37.50 as at 22nd December, 1971 was established by the Department of National Revenue. After giving effect to the two for one split on 14th March, 1973, this price has changed to \$18.75.

Number of shareholders	2,650	3,028
Average shares outstanding +	6,320,000	6,320,000
Number of shares traded* +		410,000
Price range – high* +	\$ 9½	\$ 12
– low* +	\$ 8½	\$ 8
– close* +	\$ 9½	\$ 9⅝
Net operating profit per share +	\$ 0.55	\$ 0.62
Dividends per share +	\$ 0.27	\$ 0.31
Price earnings ratio – high	17	19
– low	15	13

1968	1969	1970	1971	1972	1973	1974	1975
\$ 96,577	\$ 126,998	\$ 236,896	\$ 282,158	\$ 343,272	\$ 493,779	\$ 427,214	\$ 555,294
82,877	97,291	91,470	104,963	127,361	182,272	157,379	143,818
384,735	423,672	478,236	525,688	464,914	380,556	449,093	360,220
						13,154	80,820
510,395	682,419	838,655	960,697	1,174,517	1,553,652	2,019,235	2,239,117
35,364	35,492	34,633	30,353	29,965	31,233	35,883	37,841
10,224	12,687	7,688	8,248	11,161	17,467	18,084	18,599
\$1,120,172	\$1,378,559	\$1,687,578	\$1,912,107	\$2,151,190	\$2,658,959	\$3,120,042	\$3,435,709
\$ 789,473	\$1,013,164	\$1,285,919	\$1,492,554	\$1,604,179	\$2,046,374	\$2,475,745	\$2,636,826
69,649	91,904	104,439	129,123	194,902	211,041	215,577	309,010
158,590	168,649	185,809	172,446	221,825	244,379	269,101	305,156
\$1,017,712	\$1,273,717	\$1,576,167	\$1,794,123	\$2,020,906	\$2,501,794	\$2,960,423	\$3,250,992
\$ 38,945	\$ 32,312	\$ 28,455	\$ 27,911	\$ 26,954	\$ 34,367	\$ 21,823	\$ 38,878
4,774	5,578	7,506	8,279	9,547	17,038	26,996	25,081
5,001	5,043	5,006	5,552	5,632	7,935	8,312	8,851
\$ 48,720	\$ 42,933	\$ 40,967	\$ 41,742	\$ 42,133	\$ 59,340	\$ 57,131	\$ 72,810
\$ 53,740	\$ 61,909	\$ 70,444	\$ 76,242	\$ 88,151	\$ 97,825	\$ 102,488	\$ 111,907
\$ 8.9	\$10.0	\$10.7	\$11.2	\$12.6	\$14.0	\$13.6	\$15.1

1968	1969	1970	1971	1972	1973	1974	1975
\$ 22,344	\$ 25,513	\$ 28,641	\$ 35,296	\$ 44,820	\$ 61,079	\$ 77,155	\$ 104,789
31,539	47,557	65,508	82,122	96,004	126,127	173,653	204,112
30,938	50,765	59,438	60,430	63,533	74,321	117,602	103,028
\$ 84,821	\$ 123,835	\$ 153,587	\$ 177,848	\$ 204,357	\$ 261,527	\$ 368,410	\$ 411,929
\$ 48,889	\$ 79,476	\$ 104,269	\$ 113,106	\$ 127,146	\$ 161,130	\$ 248,146	\$ 254,635
16,515	20,338	23,475	29,243	35,573	49,260	63,576	82,157
3,316	3,163	3,814	4,203	4,879	5,655	6,665	8,241
5,809	7,650	8,086	10,621	13,096	17,113	23,196	31,322
\$ 74,529	\$ 110,627	\$ 139,644	\$ 157,173	\$ 180,694	\$ 233,158	\$ 341,583	\$ 376,355
\$ 10,292	\$ 13,208	\$ 13,943	\$ 20,675	\$ 23,663	\$ 28,369	\$ 26,827	\$ 35,574
\$ 250	\$ 275	\$ 279	\$ 283	\$ 386	\$ 654	\$ 670	\$ 606
5,496	6,588	6,867	10,323	10,800	13,469	12,220	16,023
\$ 5,746	\$ 6,863	\$ 7,146	\$ 10,606	\$ 11,186	\$ 14,123	\$ 12,890	\$ 16,629
\$ 4,546	\$ 6,345	\$ 6,797	\$ 10,069	\$ 12,477	\$ 14,246	\$ 13,937	\$ 18,945
\$ 403	\$ 576	\$ 234	\$ (4)	\$ 825	\$ (69)	\$ (497)	\$ (1,240)
\$ 4,949	\$ 6,921	\$ 7,031	\$ 10,065	\$ 13,302	\$ 14,177	\$ 13,440	\$ 17,705

3,403	4,795	5,107	5,009	5,608	6,485	6,521	6,446
6,584,000	8,264,000	8,518,000	9,428,000	9,718,000	10,190,000	10,329,000	10,365,000
972,000	842,000	948,000	1,012,000	904,000	773,000	942,000	1,065,000
\$ 13½	\$ 14½	\$ 15	\$ 20	\$ 25½	\$ 28¾	\$ 28¾	\$ 25¾
\$ 7⅞	\$ 10⅝	\$ 11¼	\$ 14⅞	\$ 18	\$ 21¾	\$ 17	\$ 18¾
\$ 11¾	\$ 13½	\$ 14¼	\$ 18	\$ 25⅝	\$ 26¼	\$ 20⅝	\$ 19⅞
\$ 0.69	\$ 0.77	\$ 0.80	\$ 1.07	\$ 1.28	\$ 1.40	\$ 1.35	\$ 1.83
\$ 0.38	\$ 0.42	\$ 0.48	\$ 0.50	\$ 0.60	\$ 0.80	\$ 0.90	\$ 0.90
20	19	19	19	20	21	21	14
10	14	14	13	14	16	13	10

Board of Directors

* Conrad F. Harrington
Chairman of the Board,
Chairman of the Executive Committee

* Kenneth A. White
President and Chief Executive Officer

John D. Allan
Executive Vice-President,
The Steel Co. of Canada Ltd.

R. James Balfour
Partner – Balfour, MacLeod, Moss,
Laschuk, Kyle, Vancise & Cameron
(Barristers and Solicitors)

G. Drummond Birks
President and Chief Executive Officer
Henry Birks & Sons Ltd.

*+ Donald N. Byers
Partner – Byers, Casgrain & Stewart
(Barristers and Solicitors)

*+ Alistair M. Campbell
Chairman,
Sun Life Assurance Co. of Canada

+ Keith Campbell
Vice-President, Canadian Pacific Ltd.

Henry Collingwood
Chairman, Baine, Johnston & Co. Ltd.
(Food Wholesalers)

James B. Cross
President, Territorial Hotels Ltd.

Camille A. Dagenais
Chairman and Chief Executive Officer
SNC Enterprises Ltd.
(Consulting Engineers)

Fraser M. Fell
Partner – Fasken & Calvin
(Barristers and Solicitors)

Percy M. Fox
Chairman of the Board,
The Great Lakes Paper Co. Ltd.

+ Eric L. Hamilton
Chairman and Chief Executive Officer
Canadian Industries Ltd.

Harold Husband
President,
Victoria Machinery Depot Co. Ltd.

*+ Frederick W. P. Jones
Financial Consultant

Joseph S. Land
President and Chief Executive Officer
IAC Ltd.

Walter F. Light
President and Chief Operating Officer
Northern Electric Co. Ltd.

Angus A. MacNaughton
President, Genstar Ltd.

*+ The Hon. George C. Marler
Associate – McLean, Marler, Tees,
Watson, Poitevin, Javet & Roberge
(Notaries)

* Member of Executive Committee

+ Member of Audit Committee

John F. McDougall
President, McDougall & Secord Ltd.
(Real Estate Management)

*+ The Hon. Maurice Riel, Senator
Counsel and Partner,
Stikeman, Elliott, Tamaki, Mercier
& Robb
(Barristers and Solicitors)

David G. Waldon
President,
Interprovincial Pipe Line Ltd.

Marshall M. Williams
President, Calgary Power Ltd.

Honorary Directors

Ross Clarkson

Thomas W. Eadie

Charles P. Fell

G. Blair Gordon

George W. Huggett

Jean Martineau

John W. McKee

John L. O'Brien

Arthur C. Price

Executive Officers

Chairman of the Board
Chairman of the Executive Committee
Conrad F. Harrington

President and Chief Executive Officer
Kenneth A. White

Executive Vice-Presidents
Richard T. La Prairie,
Finance
Keith C. Pilley,
Operations

Group Vice-Presidents
G. Roger Otley,
Investments
Alan Purdy,
Real Estate and Mortgages
John M. Scholes,
Regional Operations
Glyn Smallwood,
Administration

Senior Vice-Presidents
John F. Close,
Economic Consultant
Charles C. de Léry,
Comptroller
Ewart A. Wickens,
Treasurer

Vice-Presidents
David B. Ascott,
Personal Trust Services
André Forest,
Mortgage Services
Robert T. Horwood,
Information Systems
Fraser R. Lindsay,
Real Estate
C. Terrill Manning,
General Counsel
F. Sandy Milligan,
Personnel
George Mitchell,
Ontario Region
Claude M. Root,
Sales and Marketing
Ian D. Sneddon,
Manager, Montreal Branch
Robert S. Traquair,
Manager, Toronto Branch
Harry E. Trenholme,
International Services

Secretary
A. V. Lennox Mills

Assistant Vice-Presidents
Gary E. Allen,
Administrative Services
Roland B. Breton,
Senior Associate Director,
The Royal Trust Company of Canada
L. J. Guy Brunelle,
Fixed Income Securities
Edward P. Cannon,
Executive Vice-President
and Chief Operating Officer,
Computel Systems Ltd.
Jacques Dionne,
Quebec Region,
and Manager, Quebec Branch
James A. Gordon,
Pension Trust Services
August Hagedorn,
Equities Research
V. Geoffrey Hobbes,
Personal Trust Investments
Thomas R. Lee,
Special Projects
John C. Macfarlane,
Associate Treasurer
John H. Matthews,
Pacific Region,
and Manager, Vancouver Branch
George F. Publicover,
Atlantic Region
Charles F. Ranson,
Managing Director,
The Royal Trust Company of Canada
D. Donald Ross,
Western Region
H. Thomas Tucker,
Property Investment Services
George Wiebe,
Corporate Trust Services

General Supervisors
Gordon W. P. Camble,
International Services
Athol Campbell,
Audit and Accounting Standards
E. Evans Christmas,
Personal Trust Services
Colin C. Cope,
Real Estate Sales
James A. C. Ferenbach,
Mortgage Administration
W. Brian Hayman,
Personnel Planning and Development
Godfrey Knight-Jones,
Financial and Budget Administration
David Lebbell,
Tax Services
Patrick L. E. McAvoy,
Real Estate Administration
Neil W. Murphy,
Assistant Treasurer
R. Robert H. Sturgess,
Marketing Services
Douglas S. Tuck,
Compensation and Benefits

Nicolas W. R. Burbidge,
Assistant Secretary
Keith M. Laidley,
Assistant General Counsel

Boards of Directors, Subsidiary Companies

Computer Systems Ltd.
Ottawa, Ontario
Directors:
Frederick B. Brooks-Hill
David A. Golden
Robert T. Horwood
Richard T. La Prairie
Charles E. O'Connor
Roger Otley
Glyn Smallwood
Robert S. Traquair
Kenneth A. White

Royal Trust Bank of Miami, N.A.
Miami, Florida, U.S.A.
Directors:
Richard A. Pallot, Chairman
and Chief Executive Officer
Allen I. Isaacson
G. Edward Kattel
Raul P. Masvidal, Jr.
William L. Pallot
Samuel Seittin
Theodore W. Slack, Sr.
Theodore Spak

The Royal Trust Company of Canada
London, England
Directors:
Sir Francis Sandilands, Chairman
David L. Donne
David Forsyth
Conrad F. Harrington
Marcus R. Kimball
Colin S. R. Stroyan
Charles F. Ranson
Ian D. Sneddon
Kenneth A. White

The Royal Trust Company
of Canada (C.I.) Limited
St. Helier, Jersey
Channel Islands
Directors:
Reginald R. Jeune, Chairman
Malcolm G. Gates
Conrad F. Harrington
Sir Robert Le Masurier
Sir Robert Maret
Francis Perrée
Ian D. Sneddon
Kenneth A. White

The Royal Trust Company (Guernsey)
Limited
St. Peter Port, Guernsey
Channel Islands
Directors:
Malcolm G. Gates
Conrad F. Harrington
Maurice C. Polman
Ian D. Sneddon
Kenneth A. White

The Royal Trust Company (Ireland)
Limited
Dublin, Ireland
Directors:
John H. Donovan
J. Brian Doyle
Conrad F. Harrington
Kevin Mulcahy
Ian D. Sneddon
Alan W. Warnock
Kenneth A. White

Advisory Boards

Newfoundland
Robert S. Hannen, Chairman
Wilfrid J. Ayre
Charles R. Bell
Henry Collingwood
Harold L. Lake
John J. Murphy
James W. Parker
Max J. Pratt
Ian J. Reid

Nova Scotia
James R. Beasant, Chairman
Laurence F. Daley
C. Wilnot Dean
Leonard A. Kitz
George Mitchell
Derek Oland
John W. Snook
William J. Stephens
Joseph Zatzman
F. Homer Zwicker

New Brunswick
Peter W. Carrodus, Chairman
J. Eric Cormier
James M. Crosby
Evan W. T. Gill
J. MacGregor Grant
Harold C. Gunter
Philip W. Oland
Winston A. Steeves
Joseph V. Streeter

Quebec
Jacques Dionne, Chairman
Paul A. Audet
Stan E. Brock
Pierre Côté
Jacques de Billy
Roger Létourneau
Jean A. Pouliot

Sherbrooke
Guy Lemay, Chairman
Charles E. Bélanger
Brigadier Jean P. Gautier
Raymond Martin
Herbert A. Simons
David M. Stearns
Mortimer M. Vineberg

Ottawa
Philip E. Johnston, Chairman
James B. Brown
Colonel John D. Fraser
David A. Golden
Gordon F. Henderson
Major-General Harry F. G. Letson
Fletcher W. Troop
Andrew B. Weir
Richard P. White

Kingston
Herbert H. Barber, Chairman
Douglas G. Cunningham
Clifford A. Curtis
Arthur L. Davies
William A. Kelly
Lawrence G. Macpherson
Dr. John A. Milliken

Toronto
Robert S. Traquair, Chairman
Robert A. Cranston
John F. Ellis
Charles P. Fell
Lawson A. Kaake
John P. G. Kemp
John W. McKee
Frank A. Schulman

Hamilton
Allan C. McKean, Chairman
John D. Campbell
Roy G. Cole
William I. Drynan
Ronald K. Fraser
Thomas E. Nichols
Trumbull Warren

Kitchener-Waterloo
Jacques G. Lebeuf, Chairman
Stuart R. Goudie
Hartman H. L. Krug
Dr. H. John Lackner
Theodore A. Witzel
John A. Young

St. Catharines
Uel R. Van Sickle, Chairman
George E. Irvine
David A. Macfarlane
LCol. E. Frank McCordick
Alan S. Notman
Dr. Boyce E. Sherk
Philip H. Sullivan

London, Ont.
Nicholas R. D. Dennys, Chairman
Donald H. Anderson
George H. Belton
Francis W. Dowler
David M. Gunn
Frederick W. P. Jones
Vernon B. King
John F. Quinney

Sarnia-Lambton County
William Gordon, Chairman
Charles O. Fairbank
Gordon Ferguson
Gordon H. Findlay
C. Howard Huctwith
Herbert S. Matthews
W. Logan Millman
George W. Parker
Stanley Wilk
Roger A. Wilson

Windsor
David S. R. Mellor, Chairman
Charles J. Clark
Alfred E. Downing
Robert F. Kiborn

Sault Ste. Marie
Glen S. Scollon, Chairman
Robert L. Curran
William M. Hogg
Douglas C. Joyce
Leonard N. Savoie

Thunder Bay
John W. Corbishley, Chairman
Charles J. Carter
E. Lorne Goodall
John N. Paterson
William J. R. Paton
Robert J. Prettie

Winnipeg
Robert F. Cupit, Chairman
Samuel N. Cohen
A. Searle Leach
J. Derek Riley
Stewart A. Searle, Jr.
George H. Sellers

Regina
Eric J. Dorman, Chairman
R. James Balfour
Dr. E. William Barootes
Gordon W. Staseson

Saskatoon
Kenneth J. Candlish, Chairman
Warren C. Champ
John H. Evans
G. Blair Nelson

Calgary
John A. Burleton, Chairman
Albert T. Baker
Dudley E. Batchelor
James B. Cross
Norris R. Champ
Frederick A. McKinnon
David E. Mitchell
Marshall M. Williams

Edmonton
Philip S. H. Brodie, Chairman
Charles W. Carry
Harry Hole
Egerton W. King
John F. McDougall
William S. McGregor
G. Richard A. Rice

Vancouver
John H. Matthews, Chairman
A. John Ellis
William S. Kirkpatrick
Howard T. Mitchell
The Hon. John L. Nichol
John G. Prentice
John H. Salter
The Hon. James Sinclair
J. Bruce Smith
C. Reginald Tanner

Victoria
Alan G. Aldous, Chairman
Ernest W. Arnott
John W. Bayne
Rear-Admiral James C. Hibbard
Harold Husband
Ralph D. Perry
Hector C. Stone
Hubert A. Wallace

Offices

Atlantic Region

Halifax, N.S.
George F. Publicover,
Assistant Vice President
1648 Hollis Street

Charlottetown, P.E.I.
Robert E. Anderson, Manager
72 University Avenue

Corner Brook, Nfld.
Max D. Simmons, Manager
Millbrook Shopping Centre

Fredericton, N.B.
Reigh M. Eldridge, Manager
400 King Street

Halifax, N.S.
James R. Beasant, Manager
1648 Hollis Street and
Bayers Road Shopping Centre

Moncton, N.B.
David G. McCartney, Manager
837 Main Street

Saint John, N.B.
Peter W. Carrodus, Manager
Brunswick House
One King Street

St. John's, Nfld.
Robert S. Hannen, Manager
Royal Trust Building
139 Water Street

Quebec Region

Quebec
Jacques Dionne,
Assistant Vice-President
and Branch Manager
Royal Trust Building
1120 Chemin St. Louis

Lyse Bourassa, Manager
1874 d'Estimauville

Ste. Foy
Rolande Bastien, Manager
Place Laurier

Jonquière
(Saguenay/Lac St. Jean)
W. Daniel Villeneuve
Arvida Shopping Centre
555 Route 170

Sherbrooke
Guy Lemay, Manager
Royal Trust Building
25 Wellington Street N.

Trois-Rivières
Jean-Paul Rousseau, Manager
Royal Trust Building
1300 Notre Dame Street

Montreal Metro Region

Montreal
Ian D. Sneddon,
Vice-President and Branch Manager
630 Dorchester Blvd. W.

Gérard Labrosse, Manager
6991 St-Hubert Street

Brossard
Joseph H. Youssef, Manager
2150 Lapinière Blvd.

Dorval
Francie Trueman, Manager
280 Dorval Avenue

LaSalle
Serge Bercier, Manager
424 Dollard Avenue

Westmount
Page Fairchild, Manager
4145 Sherbrooke Street W.

Ontario Region

Toronto
George Mitchell, Vice-President
Royal Trust Tower
Toronto-Dominion Centre

Forest
James A. Gray, Manager
161 - 165 King Street East

Guelph
Glen W. D. Zurbrigg, Manager
88 St. George's Square

Hamilton
Allan C. McKean, Manager
Stelco Tower
Lloyd D. Jackson Square

Kingston
Herbert H. Barber, Manager
100 Princess Street

Kitchener-Waterloo
Jacques G. Lebeuf, Manager
105 King Street E.

London
Nicholas R. D. Dennys, Manager
137 Dundas Street

John Hutchinson, Manager
Westmount Mall
785 Wonderland Road

Niagara Falls
Tim G. Barclay, Manager
4481 Queen Street

Oakville
Kenneth M. MacRae, Manager
239 Lakeshore Road E.

Ottawa
Philip E. Johnston, Manager
76 Metcalfe Street

Peterborough
Norman W. Axten, Manager
Peterborough Square
360 George Street N.

Petrolia
Robert G. Hodgson, Manager
4186 Petrolia Street

St. Catharines
Uel R. Van Sickle, Manager
4 Queen Street

St. Thomas
George A. Butcher, Manager
525 Talbot Street

Sarnia
William D. Gordon, Manager
197 N. Front Street

Sault Ste Marie
Glen S. Scollon, Manager
350 Queen Street E.

Strathroy
Robert H. Blandford, Manager
72 Frank Street

Thunder Bay
John W. Corbishley, Manager
202 Arthur Street

K. Griff Munce, Manager
Centennial Square
Victoria Avenue

Windsor
David S. R. Mellor, Manager
527 Ouellette Avenue

Woodstock
Milton J. Bruch, Manager
453 Dundas Street

Toronto Metro Region

Toronto
Robert S. Traquair,
Vice-President and Branch Manager
Royal Trust Tower
Toronto-Dominion Centre

Peter Dennett, Manager
81 St. Clair Avenue E.

Greg Eby, Manager
60 Bloor Street W.

Bernard J. Lau, Manager
2247 Yonge Street

Islington
Morris E. Gervais, Manager
32 Humbertown Centre

Scarborough
Dennis Neufeldt, Manager
549 Markham Road

Western Region

Edmonton
D. Donald Ross,
Assistant Vice-President
400 Royal Trust Tower
Edmonton Centre

Calgary, Alta.
John A. Burleton, Manager
600 - 7th Avenue S.W.

Edmonton
Philip S. H. Brodie, Manager
400 Royal Trust Tower
Edmonton Centre

Ronald C. Battley, Manager
10039 Jasper Avenue

Lethbridge, Man.
David Laycock, Manager
740 - Fourth Avenue S.

Regina, Sask.
Eric J. Dorman, Manager
101 McCallum Hill Building

Saskatoon, Sask.
Kenneth J. Candlish, Manager
Midtown Plaza

Winnipeg, Man.
Robert F. Cupit, Manager
287 Broadway

Pacific Region

Vancouver
John H. Matthews,
Assistant Vice-President
and Branch Manager
Royal Trust Tower
Bentall Centre
555 Burrard Street

Reginald R. Low, Manager
2118 West 41st Avenue

West Vancouver, B.C.
Allan A. Hoegg, Manager
Hollyburn Plaza
1760 Marine Drive

Kelowna, B.C.
Ronald L. Fowler, Manager
248 Bernard Avenue

Victoria, B.C.
Alan G. Aldous, Manager
1205 Government Street

Representatives

U.S.A.

California
Frank R. Southee,
The Royal Trust Company
P.O. Box 28081
San Diego, California 92128

Illinois
T. Andrew O'Donnell,
The Royal Trust Company
P.O. Box 582
Crystal Lake, Illinois 60014

Abroad	Associated Companies	Real Estate Offices (including those located at Branch or Savings offices)		Staff and Offices		
				Sala- ried Staff	Estate Sales Staff	Total Staff Offices
U.S.A. Royal Trust Bank of Miami,N.A. 627 S.W. 27th Avenue Richard A. Pallot, Chairman and Chief Executive Officer Raul P. Masvidal, Jr., President and Chief Operating Officer	Edmonton Arteco Mortgage and Investment Co. 400 Royal Trust Tower Edmonton Centre Montreal BM-RT Ltd. 129 St. James Street, W.	Newfoundland Corner Brook St. John's Nova Scotia Bridgewater Dartmouth Halifax			Com- mis- sioned Real Estate Sales	
England The Royal Trust Company of Canada Royal Trust House 54 Jermyn Street London, SW1Y 6NQ Charles F. Ranson, Managing Director	Toronto Builders Financial Co. Limited Royal Trust Tower Toronto-Dominion Centre The Sovereign Mortgage Insurance Company 1300 Yonge Street	Prince Edward Island Charlottetown New Brunswick Fredericton Moncton Saint John	1966 1,940 1967 2,004 1968 2,068 1969 2,332 1970 2,424 1971 2,531 1972 2,880 1973 3,139 1974 3,222 1975 3,277	196 211 200 233 393 287 583 314 908 378 1,257 436 1,523 474 1,923 520	47 49 52 57 68 76 101 113 123 135	
Guernsey, C.I. The Royal Trust Company (Guernsey) Limited St. Julian's Court St. Peter Port Peter Ridley, Secretary in charge	Vancouver TohCan Ltd. 1630 One Bentall Centre Bahamas Bahamas International Trust Company Limited Bank Lane Nassau	Quebec Hull Jonquière (Saguenay/Lac St. Jean) Knowlton Metro Montreal (22) Quebec City (4) Sherbrooke Trois-Rivières				
Jersey, C.I. The Royal Trust Company of Canada (C.I.) Limited Royal Trust House Colomberie St. Helier Malcolm G. Gates, Managing Director	Bermuda International Trust Company of Bermuda Limited Mercury House Front Street Hamilton Cayman Islands Cayman International Trust Company Limited P.O. Box 500 Georgetown Grand Cayman	Ontario Burlington Guelph Hamilton (2) Kingston Kitchener-Waterloo London (3) Niagara Falls Ottawa (4) Peterborough St. Catharines St. Thomas Metro Toronto (12) Windsor				
Ireland The Royal Trust Company (Ireland) Limited 53 Dawson Street Dublin J. Brian Doyle, Managing Director		Manitoba Winnipeg (6) Saskatchewan Regina Saskatoon				
Liechtenstein The International Royal Trust Company A.G. Am Schragen Weg 2, Fl 9490 Vaduz		Alberta Calgary (6) Edmonton (5) Lethbridge British Columbia Kelowna Rutland Vancouver (7) Victoria (2)				
Bahamas The Royal Trust Company c/o Messrs. Carson, Lawson & Co. 309 Bay Street Nassau The Royal Trust Company (International) Limited c/o Bahamas International Trust Company Limited Bank Lane, Nassau						
Switzerland The Royal Trust Company, A.G. Zurich						

The Royal Trust Group

Comprising The Royal Trust Company, principal subsidiaries and associated companies

The Royal Trust Company
The Royal Trust Company commenced operations in Montreal in 1899. Today, through branches and offices from coast to coast in Canada (including real estate sales offices), the Company provides a complete range of trust services to individuals, corporations and institutions, as well as deposit-taking and other financial services.

Principal Subsidiaries

The Royal Trust Company of Canada (100% owned)
Royal Trust commenced operations in London, England in 1929. Initially operating with trust facilities only, it was granted modified banking status in 1972.

The Royal Trust Company of Canada (C.I.) Ltd. (100% owned)
Located at St. Helier, Jersey, in the Channel Islands, it began operations in 1962 and provides complete trust and deposit-taking facilities, particularly in the management of non-resident trusts, as well as an international tax planning service.

The Royal Trust Company (Guernsey) Limited (100% owned)
In addition to Jersey, trust facilities are also provided in the Channel Islands from this subsidiary located in St. Peter Port, Guernsey.

The Royal Trust Company (Ireland) Limited (100% owned)
The Irish subsidiary was established in 1966 and conducts trust, investment management and deposit-taking operations in the Republic of Ireland.

Royal Trust Bank of Miami, N.A. (100% owned)
Acquired through an exchange of shares in 1972, it is engaged in general banking in Miami, Florida. It also possesses full trust powers.

The International Royal Trust Company A.G. (100% owned)
This Liechtenstein company was formed in 1973 to meet a general demand for trust services in a tax haven where Royal Trust had not previously been represented. Its particular function is to act as investment manager and/or trustee for individuals, trusts and companies.

The Royal Trust Company Mortgage Corporation (99.99% owned)
The Mortgage Corporation is an integral part of Royal Trust's financial operations. It commenced its present business in 1959. Under existing laws governing trust companies in the various provinces of Canada, trust companies are not allowed to issue debt although they can accept trust funds on deposit in Guaranteed Account. On the other hand, loan companies are permitted to issue debt and so through this subsidiary the Royal Trust group has access to this important section of the financial market. Royal Trust Mortgage obtains funds through the issuance of debentures and short term notes and invests these funds principally in first mortgages on real estate in Canada.

Computel Systems Ltd. (94% owned)
Computel Systems Ltd. from its computer base in Ottawa and through a coast to coast network of high speed teleprocessing terminals operates one of the largest and most advanced computer systems in Canada. It provides computing services to Royal Trust as well as to industrial, commercial, governmental and other clients across Canada and in the U.S.A.

Associated Companies

Arteco Mortgage Investment Company (9.99% owned)
Arteco commenced activity in 1975 as a mortgage investment company under the Loan Companies Act, Canada. With its head office in Edmonton, the company invests principally in residential mortgage loans through the issue of debt as well as equity. Royal Trust is under contract to manage Arteco and provide a supply of suitable mortgages for investment.

BM-RT Ltd. (50.1% owned)
BM-RT Ltd. is jointly owned with the Bank of Montreal. It functions as the "Adviser" to BM-RT Realty Investments, an open-end real estate investment trust. Royal Trust and the Bank of Montreal directly and through BM-RT Ltd. each own approximately 13.97% of the outstanding units of the trust, with the balance being held by some 8,500 unit holders. The trust is authorized to invest in a wide range of real estate securities. The Adviser also issues debentures and short term notes in the market and lends the resulting funds exclusively to the Trust. There is an advisory contract between the Adviser and the Trust and the two sponsors have undertaken to provide mortgages suitable as investments for the Trust and to maintain the portfolio fully invested.

Bahamas International Trust Company Limited (BITCO) (16% owned)
Established in 1957, it provides general trust services under the laws of the Bahamas. Royal Trust's partners in this company are Barclays Bank International Ltd. London; Hambros Bank Ltd. London; Robert Fleming & Co. Ltd. London; Anglo American Corporation of South Africa, Ltd.; The Chartered Bank London; N. M. Rothschild & Sons London; and The Bank of New York.

Builders Financial Co. Limited (50.02% owned)
This company was incorporated in 1971 jointly by Royal Trust and Continental Illinois Corporation, the one-bank holding company for Continental Illinois National Bank and Trust Company of Chicago. Builders Financial and its wholly-owned subsidiaries, Builders Capital Limited and Western Builders Capital Limited are engaged in the business of interim financing of real estate throughout Canada. This consists primarily of construction loans to developers for major commercial projects such as apartment buildings, shopping centres, office buildings, hotels and large scale residential developments.

Cayman International Trust Company Limited (CITCO) (16% owned)
Established in 1967 by the same shareholders as Bahamas International Trust Company Limited, Cayman International conducts general trust operations in the Cayman Islands.

International Trust Company of Bermuda Limited (ITCOB) (10% owned)
This company commenced general trust operations in Bermuda in 1970. The other sponsors are Bermuda Provident Bank Limited, Barclays Bank International Ltd. and Hambros Bank Ltd.

The Sovereign Mortgage Insurance Company (20% owned)
Incorporated in 1972, Sovereign commenced operations in 1973. The prime purpose of this company is to insure mortgage lenders against losses in the event of default by borrowers. The other shareholders are IAC Limited, Toronto; Continental Illinois Corporation, Chicago and Canada Permanent Mortgage Corporation, Toronto.

TohCan Limited (20% owned)
TohCan commenced operations in 1974 from Vancouver. It provides term financing to Canadian companies including joint Canadian-Japanese ventures. Associated with Royal Trust as shareholders are: The Bank of Tokyo; The Toronto-Dominion Bank; The Bank of British Columbia; A. E. Ames and Co. Limited.

Services Royal Trust provides . . .

For the individual

Estate Planning

Executor and Trustee under wills

Administrator or Agent for the heirs in estates where there is no will

Agent or attorney for executors

Agent for the management of estates

Trustee under deeds of trust

Committee or Curator to property

Manager of investments

Agent for the investment of money and collection of dividends, interest, rent, and the principal of mortgages, bonds and stocks

Managed Investment Funds (A, B, C and M)

Real estate broker; sales, leasing, property management, appraisals, employee relocation services

Mortgage loans

Mortgage insurance

Mortgage life insurance

Custodian of securities

Depository for medium and short term money against Guaranteed Investment Receipts

Guaranteed monthly income receipts

Savings accounts

Chequing accounts

Preparation of income tax returns

Registered retirement savings plans, including:
 Guaranteed savings account retirement savings plan;
 B – Fund retirement savings plan
 C – Fund retirement savings plan
 M – Fund retirement savings plan
 Guaranteed retirement savings plan
 Self directed retirement savings plan

Standing-by attorney

Income-Averaging Annuity Contracts

Registered Home Ownership Savings Plan

Professional Athletes Financial Services

For corporations, firms and other organizations

Transfer agent and registrar for shares

Paying agent for dividends and bond interest

Subscription and rights agent

Depository and escrow agent

Trustee for bondholders and registrar for bonds

Depository for medium and short term money against Guaranteed Investment Receipts

Trustee and custodian for pension and other employee benefit plans

Trustee for buy-sell agreements under business insurance trusts

Management and custodianship of securities

Custodian and trustee for non-resident insurance companies

Agent for real estate, mortgages and lease back agreements

Interim and long term mortgage financing

Property management

Management of endowment funds, collection of pledges, etc., for charitable, religious, educational and similar bodies.

Deferred Profit Sharing Plans

Group Retirement Savings Plan

Computer Processing and Programming Services

General financial agent and all related services



Member:
 Trust Companies
 Association
 of Canada



AR02



Royal Trust

\$13.6 billion Assets under administration
(31st December 1974)

HEAD OFFICE

630 DORCHESTER BLVD. W.
MONTREAL

Offices from coast to coast and abroad

Quarterly Analysis

of

Income and Earnings

(Dollars in Thousands except for Earnings per Share)

Quarter	Fees and Commissions	Income From Investments Less Interest Paid	Net Operating Profit	Earnings Per Share*
1st	\$ 8,509	7,876	2,492	.26
2nd	11,019	7,892	3,259	.35
3rd	12,237	7,519	3,147	.32
4th	13,055	9,104	3,579	.35
1972	<u>\$44,820</u>	<u>32,391</u>	<u>12,477</u>	<u>1.28</u>
1st	\$11,174	10,022	3,135	.31
2nd	15,188	10,223	3,853	.38
3rd	16,850	9,447	3,461	.34
4th	17,867	9,626	3,797	.37
1973	<u>\$61,079</u>	<u>39,318</u>	<u>14,246</u>	<u>1.40</u>
1st	\$15,031	10,277	3,001	.29
2nd	21,343	10,698	3,880	.38
3rd	20,810	10,842	3,418	.33
4th	19,971	11,292	3,638	.35
1974	<u>\$77,155</u>	<u>43,109</u>	<u>13,937</u>	<u>1.35</u>
1st	\$16,073	11,949	3,292	.32
2nd	22,787	14,055	5,054	.49
Half Year				
1975	<u>\$38,860</u>	<u>26,004</u>	<u>8,346</u>	<u>.81</u>

*Earnings per share previously reported for the 1972 period has been adjusted for 2 for 1 stock split in 1973.

Royal Trust



Interim Report

SIX MONTHS ENDING 30TH JUNE, 1975

To our shareholders

Earnings for the second quarter of 1975, both before and after provision for losses on investments, establish a record for the company. It is the first time in the company's history that quarterly net profit has reached \$5 million. The figure of \$5,054,000 compares with 1975 first quarter earnings of \$3,292,000 and last year's second quarter earnings of \$3,880,000.

These gratifying results are attributable in large measure to two main factors: continuation of cost control measures started in 1974, and increased earnings in the company's money operations which resulted principally from an increase of approximately \$340 million in 5-year term and savings deposits, \$300 million of which went into mortgage loans, mainly residential.

The continuation of these encouraging results depends largely on the general economic and financial environment throughout the balance of the year. While we cannot predict what the next six months will bring, we do, however, expect to be able to control our expenditures as we have in the past six months.

We have continued to acquire shares and convertible debt of Computel Systems Ltd., the Ottawa-based computer utility. With the additional shares acquired and through conversion of debt into shares Royal Trust now holds 91% of Computel's outstanding shares.

In the international field, we recently reached an agreement in principle with principal shareholders under which Dale Mabry State Bank, Tampa, Florida, would become a member of the Royal Trust group. The transaction is contingent upon Royal Trust's acquisition of at least 80 per cent of the Bank's stock and the approval of regulatory authorities. The arrangement involves a share exchange which gives the Bank a market value of approximately \$2 million.

President and Chief Executive Officer

July, 15, 1975

CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(Dollars in thousands)

Statement of Profit and Loss

	Six Months Ending 30th June		% Increase (Decrease)
	1975	1974	
Income			
Fees and commissions	\$ 38,860	\$ 36,374	7
Income from investments	151,448	136,881	11
	<u>\$ 190,308</u>	<u>\$ 173,255</u>	<u>10</u>
Expenses			
Interest paid	\$ 125,444	\$ 115,906	8
Salaries, real estate sales commissions and staff benefits	33,614	30,017	12
Other	15,792	13,976	13
	<u>\$ 174,850</u>	<u>\$ 159,899</u>	<u>9</u>
Profit before income taxes	\$ 15,458	\$ 13,356	16
Income taxes	6,768	6,055	12
Net profit before interest of minority shareholders	\$ 8,690	\$ 7,301	19
Minority interest	344	420	(18)
Net operating profit	\$ 8,346	\$ 6,881	21
Net gains (losses) on investments and extraordinary items after taxes	(578)	(107)	—
Net profit for the period	<u>\$ 7,768</u>	<u>\$ 6,774</u>	<u>15</u>
Average number of shares outstanding	10,352,000	10,326,000	—
Net operating profit per share	\$0.81	\$0.67	21
Dividend per share paid in period	\$0.45	\$0.45	—

Balance Sheet

	as at 30th June		% Increase (Decrease)
	1975	1974	
Assets			
Cash, bank deposits and treasury bills	\$ 472,850	\$ 617,189	(23)
Secured loans, and advances to clients	138,047	177,507	(22)
Securities	474,155	406,182	17
Mortgages	2,054,475	1,758,582	17
Other assets	56,803	52,992	7
	<u>\$ 3,196,330</u>	<u>\$ 3,012,452</u>	<u>6</u>
Liabilities and Equity			
Deposits and borrowings	\$ 3,022,465	\$ 2,852,998	6
Other liabilities	30,072	31,316	(4)
Deferred income taxes	29,481	19,787	49
Minority interest	8,521	8,281	3
Shareholders' equity	105,791	100,070	6
	<u>\$ 3,196,330</u>	<u>\$ 3,012,452</u>	<u>6</u>